

National Standards for the Physical Inspection of Real Estate

NSPIRE Overview for Public Housing Agencies and Property Owners/Agents

This webcast presents an introduction to the National Standards for the Physical Inspection of Real Estate – NSPIRE – under development at the Department of Housing and Urban Development. This presentation is intended primarily for public housing agencies and multifamily owners and agents.

View this webcast on the HUD.gov website:

https://www.hud.gov/program_offices/public_indian_housing/reac/nspire/webinars/nspire_overview_20200827



Slide 1: Introduction

Hello, and welcome to the *NSPIRE Overview for Public Housing Agencies and Property Owners and Agents* webcast. This webcast presents an introduction to the National Standards for the Physical Inspection of Real Estate – NSPIRE – under development at the Department of Housing and Urban Development. This presentation is intended primarily for public housing agencies and multifamily owners and agents.

Slide 2: Agenda

This webcast provides an overview of the following topics:

- HUD’s commitment to transparency and continuous stakeholder feedback;
- the NSPIRE Model;
- NSPIRE inspection types;
- NSPIRE inspectable areas;
- CTQ, or Critical to Quality, deficiencies;
- NSPIRE development, including the ongoing NSPIRE Demonstration;
- and ways stakeholders can participate in the development of NSPIRE.

Slide 3: Mission, Vision, and Values

Before we proceed, let’s take a moment to talk about the NSPIRE mission, vision, and values.

Our mission is to equip REAC with a transformed, operationally-ready line of business that assists our customers in understanding and anticipating risks to their housing portfolios.

Our vision is to provide efficient services that maximize customer value.

We value customer service, accountability, transparency, and trust.

Slide 4: Commitment to Transparency and Continuous Feedback

HUD believes in customer service and being accountable and transparent so that we earn your trust. We are committed to prioritizing resident health and safety and streamlining the physical inspection process to reduce administrative burden on our partners. We seek collaboration with and input from a diversity of stakeholders, including property owners and agents, public housing agencies, residents, academia, industry groups, and anyone with interest in NSPIRE. Your input and feedback will help us develop more effective inspection standards, processes, and protocols.

Your feedback positively impacts NSPIRE in multiple ways. Property owners and agents can volunteer their properties and collaborate in the NSPIRE Demonstration by providing feedback and comments on the NSPIRE Model. You can also visit the NSPIRE webpages to view the latest version of the standards and submit your feedback about the standards. Please note that we will provide more information on ways to access NSPIRE resources at the end of the webcast.

Slide 5: What Is the NSPIRE Model?

So, just what is the NSPIRE Model? NSPIRE – the National Standards for the Physical Inspection of Real Estate – is a new approach under development at REAC, the Department of Housing and Urban Development’s Real Estate Assessment Center, for conducting and

processing inspections of HUD-assisted housing. HUD is developing NSPIRE to adapt to new realities in the assisted-housing market, such as the increasing number of privately owned multifamily units, and changes in the expectations of housing quality among a variety of stakeholders, including residents, the United States Congress, and HUD itself.

NSPIRE has a number of features that distinguish it from the legacy Uniform Physical Condition Standards, more commonly referred to as the UPCS protocol. UPCS was established in 1998 and reflects the Department's need at that time to measure capital needs and the status of the housing portfolio from an asset management perspective. NSPIRE seeks to provide a more accurate assessment of the physical condition of the property, to streamline the inspection process, to place more emphasis on the unit, and to prioritize the health and safety of residents by reducing hazards in their homes.

Slide 6: What Is the NSPIRE Model?

NSPIRE improves the inspection process in a number of ways. We'll introduce them here and then talk about the key improvements in further detail throughout the rest of this webcast.

The new inspection model features an improved assessment that increases the accuracy, objectivity, and defensibility of inspections. Under NSPIRE, inspectors will use updated, clearly defined standards for detecting and identifying deficiencies. Deficiencies are citable defects or conditions when an inspectable item may be missing, damaged, or not functioning as designed. NSPIRE has three main categories of deficiencies.

NSPIRE introduces deficiencies that are "critical to quality," or CTQ, meaning that the standards are designed to provide strong assurance that a property is compliant with HUD's property standards. CTQ deficiencies are supported by clear rationales that provide an explanation of the potential risk a defect presents, which are included in each standard.

NSPIRE uses three types of inspection – annual self-inspections, CTQ inspections, and CTQ+ inspections.

Another way NSPIRE improves the inspection process is by using an intuitive system of inspectable areas that aligns deficiencies to the areas in which the inspectors find themselves.

Further, an updated scoring model is under development.

NSPIRE also utilizes new technologies and data models to automate redundant tasks and streamline inspections so that the inspection process is more efficient and effective.

Finally, NSPIRE aligns multiple HUD programs to a single set of standards so that the same expectations of housing quality can be met across HUD programs, while keeping inspection protocols sufficiently flexible to accommodate the unique needs of each program.

Slide 7: NSPIRE Inspection Types

There are three types of inspections under NSPIRE: CTQ, or Critical to Quality, inspections; CTQ+ inspections; and self-inspections. This slide shows, in a very simplified way, the difference in scope for each of these inspections.



The outermost ring represents all features of the built environment. The design attributes of the built environment are excluded from inspection, as, once built, they cannot reasonably be changed.

Within the built environment, there is a broad range of items that properties inspect using annual self-inspections. These include items that are considered critical to quality, or CTQ, under NSPIRE, as well as other non-CTQ items.

As part of NSPIRE, Public Housing and Multifamily properties will be required to submit self-inspection results to REAC on an annual basis. HUD is working with public housing agencies, property owners and agents, and other stakeholders during the ongoing NSPIRE Demonstration to determine the scope of self-inspections as well as the most effective format for self-inspection reporting. Though not required for all programs, such as the Housing Choice Voucher and Community Planning and Development programs, self-inspections are considered a best practice for all properties.

Narrowing the inspection scope further, let's jump ahead to CTQ inspections. CTQ inspections are conducted mainly by contract inspectors. These inspections inspect for a narrower range of deficiencies using the CTQ standards. We will provide much more detail on these inspections throughout this webcast.

The third type of NSPIRE inspection is the CTQ+ inspection, which is typically conducted by federal inspectors when HUD needs enhanced information about a property. These inspections are used to verify CTQ inspection outcomes.

Slide 8: Three Types of Inspection

Here are some more details about the three types of inspections under NSPIRE. Note the differences in application across HUD programs.

While not scored, self-inspections provide additional data to REAC between CTQ inspections to ensure that properties are visiting every unit at least once a year, identifying maintenance and modernization needs, and generating work orders on a regular basis. They provide HUD a reasonable level of confidence in the inspection results. Under NSPIRE, properties will have a new requirement to submit self-inspections to REAC electronically.

For CTQ inspections, the focus will be those items and deficiencies that are deemed to be the most important indicators of housing quality. CTQ inspections are conducted every one to five years, depending on the property's score, and are intended to provide HUD a high level of confidence in the inspection results.

Finally, CTQ+ inspections, which are conducted mainly by HUD inspectors, can be requested by other HUD offices, or they can be triggered by poor property conditions. They provide the highest level of confidence regarding a property's condition as well as the evidentiary data needed to justify and support enforcement actions, if required.

Next, we'll talk about the three inspectable areas. As we stated earlier, the slides that follow will focus on CTQ inspections; future webinars and webcasts will provide more information about self-inspections and CTQ+ inspections.

Slide 9: Three Inspectable Areas

Let's talk briefly about the different areas to be inspected. NSPIRE reorganizes the defined areas of inspection into three easily identified locations: Unit, Inside, and Outside. A "Unit" of HUD housing refers to the interior components of an individual dwelling unit. "Inside" refers to the common areas and building systems that can be generally found within the building interior and are not inside a unit. Finally, "Outside" refers to the building site, building exterior components, and any building systems located outside of the building or unit.

This streamlined approach allows inspectors to cite deficiencies based on where they are standing and eliminates potential subjectivity or ambiguity about a deficiency's location. Location may change the impact on resident health and safety, and this will be clearly described in the rationales. For example, an inoperable toilet in a unit may have a different rationale and health and safety classification than one in a common area.

It is important to keep in mind that the reduction from five inspectable areas to three does not reduce the quantity of inspectable items that prioritize residents' health and safety. We'll talk about those items and the different types of CTQ deficiencies under NSPIRE next.

Slide 10: CTQ Deficiency Types

So, what kinds of critical-to-quality deficiencies are inspectors looking for? There are three categories of deficiencies. They are condition and appearance, function and operability, and health and safety. Let's talk about these in further detail.

A condition and appearance deficiency is not likely to harm a resident, nor does it critically reduce or eliminate an object's usability. This category includes deficiencies where HUD or the property could suffer reputational harm, or where a resident could incur additional costs because of this condition. Note that other, less significant "appearance" deficiencies, such as peeling non-lead-based paint inside a unit, may not be included.

Another deficiency type is function and operability. A function and operability deficiency eliminates or critically reduces an object's usability, but the deficiency alone is not likely to directly harm a resident. For example, in the current set of standards, the "Cooking Range, Cooktop, or Oven Components are Missing" deficiency is categorized as function and operability.

The third and most critical type of deficiency is health and safety. There are two main categories of health and safety deficiencies: standard and severe. The severe category is broken down into non-life-threatening and life-threatening. These represent the most critical elements affecting the health and safety of the resident.

Standard health and safety deficiencies are cited where the likelihood of occurrence is high but the severity of harm, while potentially significant, is likely to be less than death or severe injury.

The severe non-life-threatening health and safety category applies to conditions which, while not causing immediate life-threatening injury, are severe enough that HUD believes they should be corrected within 24 hours. These conditions may create an undue burden to residents if they are present for an extended period of time. A missing unit entry door or missing toilet are just a couple of examples.



Finally, the severe life-threatening category of health and safety deficiencies includes hazards that present a direct threat to life or well-being, meaning that they are likely to cause severe injury or reduction in physical or mental ability. This includes cases in which the harm has a likelihood of occurring in under 24 hours.

We'll discuss the time of repair for deficiencies in just a moment.

Slide 11: CTQ Deficiency Types: NSPIRE vs. UPCS

As you can see here, health and safety will make up most of the deficiencies in the standards because CTQ deficiencies are focused on the most critical elements that impact resident health, safety, and habitability. The other two categories of function and operability and condition and appearance deficiencies will make up a much smaller portion of CTQ deficiencies.

Slide 12: CTQ Deficiency Types: NSPIRE Deficiency Time of Repair

Let's have a look at time of repair for deficiencies. The time of repair varies based on program protocols, as you can see here. Life-threatening deficiencies must be repaired within 24 hours. Severe health and safety and non-life-threatening deficiencies must be corrected within 24 hours or 30 days, depending on the program. Standard health and safety deficiencies must be repaired within 30 days, while non-health-and-safety deficiencies may be corrected within 30 days or through routine maintenance based on deficiency and impact on the resident.

HUD seeks public feedback on the reasonable times of repair for health and safety deficiencies and how to best close out non-life-threatening deficiencies.

Slide 13: Rationales

Under NSPIRE, all CTQ deficiencies must tie back to a rationale. A rationale is a clear and concise explanation of the potential risk a defect presents that is included in each standard. The rationale can be direct or indirect. A direct rationale is one in which, if the deficiency were no longer present, the risk would be resolved. An indirect rationale means that if the deficiency were no longer present, and other contributory factors remained, the risk would be substantially reduced or mitigated, but would remain present. These other contributory factors include other deficiencies, environmental or structural variables, and exposure to vulnerable populations.

Slide 14: NSPIRE Development

So, how will we know the new inspection model is effective in streamlining inspections and prioritizing residents' health and safety? To answer this question, HUD is conducting an ongoing demonstration to evaluate and refine the NSPIRE standards, protocols, and processes with up to 4,500 properties volunteering to participate. During this process, HUD is gathering and analyzing stakeholder feedback about NSPIRE to refine the deficiency set and outcomes and adjust the inspection standards, protocols, and processes. The Demonstration will also allow HUD to test and evaluate NSPIRE to determine the most effective way to implement NSPIRE nationwide across multiple programs. We are nearing our goal of 4,500 volunteer properties, with over 3,000 Multifamily properties, almost 1,000 Public Housing properties, and three Office of Healthcare Program properties approved to participate in the Demonstration to date.

Even if you're not participating in the Demonstration, you can still be part of the development of NSPIRE. HUD is committed to transparency in this process and needs your feedback about NSPIRE. We'll cover the many ways you can provide feedback in just a moment.

Slide 15: NSPIRE Development

Here's an update on recent developments with NSPIRE. We are engaged in a number of communications outreach initiatives throughout the NSPIRE Demonstration. Earlier this year, we launched the new NSPIRE website, which has been updated with a new look and includes many useful features such as the latest standards, news, and events. You can also view and download lists of properties registered and approved to participate in the NSPIRE Demonstration.

During the Demonstration, we are conducting a series of NSPIRE standards and residents' workshops to obtain feedback from our many stakeholders. We are also conducting a series of topical webinars and webcasts for those seeking more information about NSPIRE, and we are posting recordings of these on the website. We also issue a newsletter with the latest NSPIRE information on a monthly basis; these are also available on the NSPIRE website.

The NSPIRE standards team recently released version 1.3 of the NSPIRE standards on the NSPIRE website, along with lists of life-threatening deficiencies and health and safety risks. The team has also issued a new NSPIRE standards template with guidance on how the different parts of the standards are constructed.

We are currently integrating NSPIRE Standards into the Housing Choice Voucher and Project-Based programs.

We'll provide links to the website, newsletter, and other useful resources a little later in the webcast.

Slide 16: NSPIRE Development

In addition to the accomplishments on the previous slide, the NSPIRE team anticipates the release of the NSPIRE proposed rule in early Fiscal Year 2021. The proposed rule will outline the regulatory changes needed for, or coming as a result of, NSPIRE implementation. Also, HUD will be issuing several Federal Register notices, including those related to NSPIRE standards, scoring, and other administrative processes.

Please note that although Demonstration inspections have been temporarily halted due to the ongoing coronavirus pandemic, the NSPIRE team is preparing to return to operations under guidance of the Department as well as the Centers for Disease Control and Prevention.

Slide 17: NSPIRE Resources

Please visit our website at the address shown here; you can also find the website by searching for "HUD NSPIRE" in your web browser. The NSPIRE website has been recently updated and has many useful features. You can view and comment on the NSPIRE standards. Public housing agencies and multifamily property owners and agents can also read the NSPIRE Demonstration notice and find out if their properties were selected to participate in the Demonstration. The NSPIRE website also features stories, news, and information about recent and upcoming events. A great way to keep up with what's happening is to sign up for our email newsletter, which you can do on the NSPIRE site; we will never share your information with a third party.



Slide 18: Summary

This presentation provided an overview of the National Standards for the Physical Inspection of Real Estate for public housing agencies and property owners and agents. We talked about HUD's policy of transparency in the process of developing NSPIRE. Continuous feedback from a variety of stakeholders, including public housing agencies and property owners and agents, is critical to making NSPIRE a success. We covered the NSPIRE Model and its components, focusing on the three types of inspections, the three inspectable areas, and CTQ deficiencies and their rationales. Lastly, we talked about the process of standards development during the ongoing NSPIRE Demonstration, which provides a means of testing, evaluating, and refining the new inspection model in collaboration with volunteer properties and contract inspectors. The feedback that participants in the Demonstration provide will help make NSPIRE meet HUD's goal of safeguarding affordable housing for American families and promoting the health and safety of residents living in HUD-assisted housing.

NSPIRE aligns with HUD's mission by focusing on habitability and the residential use of structures, and most importantly, the health and safety of residents. A good example of this shift in emphasis is the new requirement, under NSPIRE, for the implementation of carbon monoxide detectors; this standard did not exist in UPCS. NSPIRE leverages new technologies and data models to streamline the inspection process to more accurately reflect the condition of properties and reduce regulatory burden for our partners.

Slide 13: Questions and Feedback

HUD is committed to transparency and collaboration with you in the process of developing NSPIRE. We welcome your questions and comments about NSPIRE and this webcast, and we hope that you will engage with us using any of the resources we've provided.

You have two options to contact us directly: You can email questions and comments to nspire@hud.gov or call our NSPIRE Information Center at 1-800-883-1448. The NSPIRE Information Center is open from 9:00 a.m. to 9:00 p.m. Eastern Time, Monday through Friday, excluding federal holidays.

We would like to again encourage you to join our newsletter mailing list. Please check our website regularly for updates to the NSPIRE standards and the latest NSPIRE information, and don't forget to follow us on Twitter [@HUDREAC](https://twitter.com/HUDREAC). This concludes the *NSPIRE Overview for Public Housing Agencies and Property Owners and Agents* webcast. Thank you for viewing.